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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 2, 2000

APPLICATION OF

PHONE RECONNECT OF AMERICA, L.L.C. CASE NO. PUC990083

For a certificate of public
convenience and necessity
to provide local exchange
telecommunications services

FINAL ORDER

On November 19, 1999, Phone Reconnect of America, L.L.C.
("Phone Reconnect", "Applicant", or "Company"), completed an
application with the State Corporation Commission ("Commission")
for a certificate of public convenience and necessity
("certificate") requesting authority to provide local exchange
telecommunications services throughout the Commonwealth of
Virginia.

The first Order for Notice and Hearing was issued on
January 10, 2000. However, Staff's Motion to Suspend, Compel
and Dismiss was granted on February 18, 2000, and the procedural
schedule was suspended pending Applicant's response to Staff's
discovery. Following an Order of Extension issued March 29,
2000, to allow substitution of counsel, a Second Order of Notice
and Hearing was issued on June 30, 2000 ("Second Order"). This
Second Order again directed the Applicant to provide notice to

the public of its application, directed the Staff to conduct an investigation and file a Staff Report, and scheduled a public hearing to receive evidence relevant to Phone Reconnect's application. No comments or objections were received.

In its application, Phone Reconnect states that it is a non-facilities based reseller that proposes to provide prepaid local exchange telephone service throughout Virginia.

In order to provide this prepaid service, Phone Reconnect requests waivers of Rule C 5 and certain provisions of Rule C 1¹ of the Rules Governing the Offering of Competitive Local Exchange Telephone Service, 20 VAC 5-400-180, ("Local Rules") requiring a new entrant, either directly or through arrangements with others, to provide access to directory assistance, access to operator services, equal access to interLATA long distance carriers, and access to intraLATA service to all local exchange customers. The Applicant further requests a waiver of Rule D 3 c of the Local Rules, limiting the proposed rate for service provided by the new entrant not to exceed the highest of the comparable tariffed services provided by the incumbent local exchange telephone company or companies in the same local serving areas.

¹ These are § C 1 d, access to directory assistance; § C 1 e, access to operator services; and § C 1 f, equal access to interLATA long distance carriers.

On October 13, 2000, the Staff filed its report finding that the application is in compliance with the certification requirements of the Local Rules. In addition, the Staff did not object to Phone Reconnect's requests for waiver from specific Local Rules for its residential monthly prepaid local service, subject to the following conditions: (i) regarding Phone Reconnect's prepaid month-by-month local exchange service offering, the Company shall not be allowed to collect customer deposits under any circumstances; (ii) the Company shall provide audited financial statements to the Division of Economics and Finance no later than one (1) year from the effective date of its initial tariff; (iii) regarding Phone Reconnect's prepaid month-by-month local exchange service offering, the Company shall provide full disclosure to consumers about the services and features Phone Reconnect will and will not furnish to subscribers of its alternative prepaid month-by-month local exchange service. Sales brochures and other marketing and advertising materials must prominently disclose that service is restricted to residential end users, and customers will have no access to directory assistance, operator services, long distance, collect and third-party calls, or any other pay-for-usage services; (iv) any waivers granted to Phone Reconnect in this case for its residential prepaid month-by-month local exchange service described in the Company's filing are limited

solely to that service offering; (v) any waivers granted to Phone Reconnect in this case for its residential prepaid month-by-month local service should be subject to revocation, alteration, or the imposition of additional conditions, such as pricing restrictions, in the event the Commission subsequently determines the service is operating improperly or is not in the public interest; (vi) any subsequent increase in the rate for Phone Reconnect's prepaid month-by-month local service shall be subject to thirty (30) days' notice to the Commission and notice to customers provided through billing inserts or publication for two (2) consecutive weeks as display advertising in newspapers having general circulation in the areas served by the Company; and (vii) if at any time Phone Reconnect begins to offer non-prepaid (standard) local service and the Company collects customer deposits for such service, it shall establish and maintain an escrow account, held by an unaffiliated third party to hold such funds and shall notify the Division of Economics and Finance of the escrow arrangement. Any escrow arrangement established by Phone Reconnect shall be maintained for such time as the Staff or Commission determines is necessary.

A hearing was held on October 23, 2000. The Applicant filed proof of publication and proof of service as required by the June 30, 2000, Scheduling Order. No members of the public were present. At the hearing, the application, with

accompanying exhibits, and the Staff Report were entered into the record without objection.

Having considered the application and the Staff Report, the Commission finds that such application, as well as the requested waivers, should be granted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) Phone Reconnect of America, L.L.C., is hereby granted a certificate of public convenience and necessity, No. T-517, to provide local exchange telecommunications services subject to the restrictions set forth in the Local Rules, § 56-265.4:4 of the Code of Virginia, the provisions of this Order, and the conditions set forth in the Staff Report.

(2) Phone Reconnect of America, L.L.C., shall file tariffs with the Division of Communications that conform with all applicable Commission rules and regulations from which the Applicant has not been granted a waiver.

(3) This case shall remain open to evaluate Phone Reconnect's residential prepaid, month-by-month local exchange service.